

## HARVEST BOARD OF DIRECTORS MEETING MINUTES—FEB 6 MEMBER SESSION

Attending: Meghan Strauchon; Dwayne Desaulniers; Lydia Peabody; Kashif ul-Huda; Ellen Dickenson; Marlene Archer; Marc Cutler, Operations Manager; Diane Simpson, Board Administrator; Eli Feghali; Wayne Clark; Gordon Williams (via telephone); and Wynston Estes, Interim General Manager.

Guests: Bruce Paine, Adam Frost

### Intro

Ellen started the meeting by reading the meeting statement of purpose.

### Vote Key

Votes are recorded in this order: For, Against, Abstaining

Minutes taken by Diane Simpson.

The meeting commenced at 6:34 p.m.

### Agenda Review

There were three agenda changes. IGM monitoring proposed schedule added to the agenda after the February GM monitoring report. Five minutes for point of personal privilege to discuss the way the Board operates. Under committee reports: discuss how we want to do committees going forward, not just updates.

### Member Comment

According to to social media site NextDoor, there has been a positive reaction to the changes in the JP store both in terms of staff engagement and in terms of improvements in the produce department. At the time of the Member Comments period, no members (other than directors) were present. Two members arrived after the comment period concluded.

### Minutes and Action Item Review

There were no changes to the minutes.

**Motion: Approve the January Member minutes.** The motion was moved and seconded. Approved 7-0-0.

### Conference Call Options

Ellen reviewed the study on conference phones and explained why a particular option was chosen.

### Budget

Ellen pointed out the highlights of the budget:

- Election saved printing & mailing expenses
- Line item for MSCC was never used but it has been included
- Conference phone has been added
- Logistics (cost) of finding a new GM is unclear at this point
- Conference calling will still be with Vast until changed

Ellen briefly explained the costs and savings in the election budget, noting that the Board must use the MSCC money if allocated. The Search Committee figure is a placeholder at the moment. The Board discussed the budget. There was a question about which line item “expert financial advice” (accountant) would go under—Board budget or operations. Ellen responded that the accountant would go under operations and the GM search would go under other professional services.

Eli arrived at 6:53 p.m.

There was a recommendation to change the MSCC line item to “member events.” A question arose about the budget doubling from last year, the answer to which was that the GM search cost, increase in Directors & Officers Liability insurance, and the conference phone purchase, have substantially increased costs. A brief discussion ensued about whether calling in should be allowed, seeing as in-person meetings are much more effective. However, since many of the directors must travel for work, it was deemed a necessary expense. Another question came up about the spreadsheet notes that indicated only half the amount for the D&O insurance had been put in the previous Board budget.

**ACTION ITEM** Wynston to look into the line item about D&O insurance to locate the other 50 percent.



**Motion: Approve the budget.** The motion was moved and seconded. Approved 7-0-1.

Next week the finance committee will meet to review the financial statements to boil them down into a format that can be shared publicly.

## Committees

The Board discussed keeping, modifying, and abolishing committees. Executive, Global Ends, Policy Governance, Finance, Member Engagement, and Elections comprise the current roster. The Executive Committee does not have a charter because it is mandated by the bylaws and it consists of the Board officers. The Executive Committee could have a bigger agenda and become a “board perpetuation” committee. A Political Engagement committee was mentioned as a channel to talk to city and state representatives about the disruptive Casey Overpass construction process.

## BOARD GOALS

Key: <b>Bold:</b> Committee Chair  Blue: Board  Gray: Management	
Hire GM	(GM search) <b>Lydia</b> , Kashif, Eli, Meghan
Policy Governance / Revamp Bod meetings / Teaming / Improve governing processes	(Excomm) <b>Meghan</b> , Lydia, Dwayne, Ellen
Better member relations / Communication to members / Support operations in Member engagement / Global Ends	(Member Engagement) <b>Kashif</b> , Marlene, Bruce, Eli, Dwayne
Financial defensive strategies	(Finance) <b>Ellen</b> , Dwayne, Gordon
Find \$ for turnaround	(Management)
Elections, orientation & training	(Board Development) <b>Meghan</b> , Lydia

Gordon came in to the meeting via telephone at 7:22 p.m.

Wynston is willing to be a resource for several of the committees. There will be a listserv for the Member Engagement committee, and Wynston will work with Kelley Duff to set it up. The Board might need a listserv for elections but that will be determined at a later date. The Board assigned the outstanding work of the Expansion Committee to the Executive Committee, then dissolved the Expansion Committee.

**Motion: Dissolve the Expansion Committee.** The motion was moved and seconded. Approved 9-0-0.

**ACTION ITEM** Ellen to update the Finance Committee charter.

**ACTION ITEM** Kashif to update Member Engagement charter.

**ACTION ITEM** Meghan to update the Elections committee charter, replacing it with a “Board Development” committee.

### Facilitation Schedule

Eli and Lydia swapped facilitation dates.

### Policy Governance

A question came up about how to fill in the questions on the monthly Board survey and whether the current scale (1-5) was adequate. There was an opinion to the effect that monitoring is not worth the time it takes because the Board always approves the survey and always gives itself a good job performance rating. Another director strongly disagreed, pointing out that monitoring is a way to have transparency about where the Board is doing well and where it needs to improve, and it is also a way to let new board members know how everyone feels about things.

There was a heated discussion about Policy Governance. A director noted that there is an obligation for everyone to participate and board members are not fulfilling their fiduciary duty if they do not. The other side of the argument was that it is necessary to do things differently to have a chance to save Harvest. Another director pointed out that the biggest lever in managing the co-op is supervising the GM, a point that was immediately disputed. Policy Governance is the current way the Board manages the co-op, and is written into the Board expectations. The Board had spent a large amount of time at the retreat discussing the Policy Governance model and realized that it needed to make some strong shifts in how it is utilized in order to reap the most benefits from it.

**ACTION ITEM** Diane to add an “I don’t know” option to the Board monitoring survey.

**Motion: Approve the Board monitoring survey.** The motion was moved and seconded. Approved 7-0-2.

### GM Monitoring Report

The longest section of the meeting was devoted to the Interim GM’s monitoring report, which dealt with one of the “Global Ends” (reasons that Harvest exists) and several financial items. Reasonable progress was reported on the “Community” end: *Create a welcoming shopping experience and a vibrant community for members, customers and staff.* The co-op is weak in this section and needs work to make it more of a community hub. However, produce is now well-stocked and maintained and the store “flow” has been improved. Staff are expected to acknowledge and engage with customers, marketing and outreach is in progress, and seating is being added to both stores. A member voice disappointment that the new marketing manager has no co-op background, however, we hired an experienced marketer who we will inform of co-op's unique relationship with our communities and goods. We welcome her experience, insights and talent as we develop the Co-op's promotion within and communication to our communities.

The other sections of the report were: B.1 – Communication to the Board; B.2 – Financial Condition and Activities; B.3 – Business Planning and Financial Budgeting and B.5 – Membership Rights and Responsibilities. Policy B1 is in compliance but policy B2 is not because sales growth is still negative

and Harvest is not producing enough income to support current operations. However, staff productivity has improved, along with systems overall. Customer service will improve with the arrival of in-aisle scanners that will allow customers to check the prices and staff that are freed up from the task of pricing every item to attend to our customers with more ease.

A question arose as to how member loyalty could increase sales. A director noted that awareness and increasing loyalty will be the heart and soul of the marketing plan. A member voiced a concern that the Board was doing things without member consultation, however, a director pointed out that the plan consists of specific actionable items and “member loyalty” is an *outcome* not an *action*.

Although no debt has been incurred, the co-op is “beyond terms” with many of its vendors (not repaying them promptly for inventory and services). It had been reported in October that Harvest was in compliance, consequently, the Board is unsure when the “out-of-terms” condition started. There was some discussion about type of information Wynston is providing; how Harvest compares to similar-sized U.S. co-ops; and membership drives. In response to a question, a board member explained that the member engagement plan was different from what Wynston was discussing. A director pointed out he was voting in favor because, although the information contained within the report was not good news, he was appreciative of receiving accurate reporting.

**Motion: Approve the Interim General Manager monitoring report.** The motion was moved and seconded. Approved 9-0-0

### Point of Personal Privilege

Wayne declared that all of his ideas to improve member engagement had been shut down and that he did not believe this Board would be willing to take a completely different approach. He expressed an opinion that the co-op would not survive past October without radical change. He distributed a list of suggested changes and notified the Board that he will no longer attend Executive Session because he believes all sessions should be open to members.

Strong disagreement ensued. The Board president opined that Wayne does not support policy governance, refuses to participate in a key piece of Co-op business, and did not participate in the cooperative process of sending the materials in advance for the Board agenda. She questioned if this the right place for Wayne to be at this time and asked how could he expect support when he was flagrantly violating his fiduciary duty. Wayne noted that his previous proposal was not put on the agenda and he was very offended by that and he does not think he is the one who is being uncooperative.

**ACTION ITEM** Meghan will follow up with Wayne to discuss which committee (if any) he would like to join.

**Motion: Adjourn the Member meeting.** The motion was moved and seconded. Approved 8-1-0.

The Member meeting was adjourned at 8:30 p.m.

### Addendum

In the period between Board meetings, the two electronic votes took place. One was on the Interim General Manager’s 3-month monitoring proposal (below), and one was on a proposal to extend her contract by two months.

## Harvest Co-op Suggested policy monitoring for Interim GM

January 31, 2017

Typical policy monitoring uses at an annual cycle and spreads policies over a year for monitoring and review. In an interim GM situation, the board needs to take a different approach to keep informed about the most critical issues. During an interim period, reports will be less robust but more frequent. Not all policies need to be reported on in an interim period. Reports will include information and data on the highest priority policies so the board knows everything is going ok and improving during the interim period so it can focus on hiring a GM.

We suggest that the board consider the following monitoring approach. The relevant policy is listed followed by the key questions the IGM should address in the report by providing data wherever possible. Policies are first listed in numeric order with the suggested frequency and timing. Then listed again according to the monthly schedule.

Listed by policy area:

### **Ends**

#### 1. Community

Create a welcoming shopping experience and a vibrant community for members, customers and staff. (1st Monitoring report February)

#### 2. Products

Offer healthy and sustainable products with an emphasis on organic, fair trade and local at a reasonable price. (2nd Monitoring Report March)

#### 3. Co-op Business

Members, customers and staff are knowledgeable and excited about the cooperative business model. (Report if any impact is realized)

#### 4. Environment

Demonstrate environmental responsibility. (Report if any impact is realized)

#### 5. Employees

Create a positive work environment for employees while providing a respectful workplace and a living wage.

### (3rd Monitoring Report April)

#### Executive Limitations

B.1 Communication to the board. Is the board receiving the communication it needs to do its job? (Monthly)

B.2 Financial conditions: All. How is the co-op doing financially? (Monthly)

B.3 Planning and budgeting. What plans is the IGM developing or implementing to improve financial conditions? (Monthly)

B.4 Asset protection. Is insurance adequate (business liability, D and O, employment, etc)? Is customer and member data protected? Is purchasing controlled? What is the IGM doing to enhance the co-op's public image? Are there any issues or concerns to report? (Once after 2nd month, March)

B.5 Member rights and responsibilities. (Monthly by exception)

B.6 Treatment of customers. How are customers being listened and to and responded to? Is the shopping environment safe? (Once after 2nd month March)

B.7 Staff Treatment and Compensation. Are the personnel policies adequate and applied consistently? Are personnel records handled appropriately? (Once after 3rd month April)

#### Listed by monthly monitoring schedule

(written reports starting in February)

### Every month:

B.1 Communication to the board. Is the board receiving the communication it needs to do its job?

B.2 Financial conditions: How is the co-op doing financially? (Monthly )

B.3 Planning and budgeting. What plans is the IGM developing or implementing to improve financial conditions? (Monthly)

B5 Member rights and responsibilities. Monthly by exception

**Plus:**

First month (February meeting)

#### 1. Community

Create a welcoming shopping experience and a vibrant community for members, customers and staff. (1st Monitoring report February)

After month two (March meeting)

#### 2. Products

Offer healthy and sustainable products with an emphasis on organic, fair trade and local at a reasonable price. (2nd Monitoring Report March)

B.3 Asset protection. Are there any issues or concerns to report? (Once after 2nd month) Is insurance adequate (business liability, D and O, employment, etc)? Is customer and member data protected? Is purchasing controlled? What is the IGM doing to enhance the co-op's public image? (Once after 2nd month)

After month 3 (April meeting)

#### 5. Employees

Create a positive work environment for employees while providing a respectful workplace and a living wage. (3rd Monitoring Report April)

B.7 Staff Treatment and Compensation. Are the personnel policies adequate and applied consistently? Are personnel records handled appropriately? (Once after 3rd month)

*Proposal prepared by: Wynston Estis*

**Motion: Accept the Interim General Manager's 3-Month GM Monitoring Proposal.** The motion was moved and seconded. Approved 6-0-0.

**Motion: Extend Wynston Estes' contract as Interim General Manager for an additional two months, and include an exit clause in case Harvest hires a permanent General Manager before the contract is up.** The motion was moved and seconded. Approved 9-0-0.